

Lanesboro Public Utilities
Council Chambers
November 18, 2013 at 12:30 p.m.

Commissioners Present: Gerald Evenson, Chair
Dennis Schuck
Theresa Coleman

Staff Present: Jim Peterson
Jerod Wagner

Commissioner Evenson called the meeting to order at 12:35 p.m. Commissioner Coleman moved to adopt the agenda. Motion was seconded by Commissioner Evenson. Motion carried.

Commissioner Coleman moved to approve the minutes of the October 21st, 2013 meetings. Motion was seconded by Commissioner Evenson. Motion carried.

New Business

- A. Electric, Sewer/Water Rate Increases
- B. 2014 Preliminary Budget (Work in Progress)
- C. Ordinance-Rates and Fees

The PUC Budget continues to be a work in progress. Electric, Water/Sewer rate increase was addressed. Commissioner Coleman suggested adding a penalty of 18% to trash service in the event of late payments and/or disconnect. Overall the rates match the budget as closely as possible reflecting anywhere from a 10% to 20% increase. Coleman suggested a new sewer base charge of \$15.95 and leaving sewer connection fees at actual costs; also allowing a PUC cost adjustment perhaps to pay for interim financing for the water radium project (same for water). Coleman also indicated that a meter charge should be rolled into the base rate (\$12.50). Shut-off charges should also include billable man hours and also raise the shut-off fees for delinquent accounts for water/electric to \$75.00 each. A motion was made by Commissioner Evenson to present the fee schedule to the Council at the December 2nd meeting. Motion was seconded by Commissioner Schuck. Motion carried all in favor.

In factoring in the rates, fees, and budgetary items, it was noted that wholesale power costs have increased by 7.5%. Commissioner Evenson suggested a two-phased approach to raising the fee structure (4% in January and another 3% in July).

Regular Business

A. Payables

Commissioner Evenson moved to pay expenses of the Lanesboro Public Utilities. Motion seconded by Commissioner Schuck. Motion carried.

B. PFA Loan Pre-Application Materials-Interim Financing (\$550,000)

Mike Davy from Davy Engineering indicated that there should be interim financing for the Water Radium project so that preliminary work could be started on the well site #4 and also preliminary construction of the infrastructure for the treatment site. He indicated that the interim financing will be repaid from the PFA loan when the money becomes available. Administrator Todd advised the PUC that loan resolution and other documentation was provided by the City's contracted bond counsel, Mary Ippel of Briggs and Morgan, PC. The documents, including a resolution for repayment and a resolution for assignment to allow the Administrator to act as the project manager and be allowed to make changes and enter into contracts on the City's behalf were being presented. A Motion was made by Commissioner Coleman to recommend that the City Council approve the resolutions at the next Council meeting and that Administrator Todd be approved to manage the project and act as the City's agent in matters relating to the project. Motion was seconded by Commissioner Schuck. Motion carried all in favor.

C. Land Purchase-Acquisition for #4 Well Site (\$10,000)

Administrator Todd advised the PUC that Mike Davy from Davy Engineering advised the PUC to execute the land purchase agreement as soon as possible. Administrator Todd advised that the paperwork was in place and that he had already conferenced with the City Attorney, Tom Manion, and that the option to purchase or acquire will be executed as soon as Todd received approval from the PUC. To date, a \$500.00 fee was paid to the landowner and the balance of \$9,500.00 will need to be provided prior to execution of the option to purchase. Motion was made by Commissioner Evenson to execute the option to purchase and to pay the balance of the contract of \$9,500. Motion was seconded by Commissioner Coleman. Motion carried all in favor.

D. Minnesota Department of Health-Fluoride Analytical Device Grant

Administrator Todd advised the PUC a grant had become available from the Minnesota Department of Health for up to four hand held fluoride detection devices. The devices are to detect fluoride in the drinking water. Administrator Todd asked the PUC if they would like him to proceed with the grant application. Motion was made by Commissioner Coleman to proceed with the grant. Motion was seconded by Commissioner Schuck. Motion carried all in favor.

E. Motor Replacement Invoice

Administrator Todd advised the PUC that the LMCIT advised that the motor was not covered under the current policy. Todd asked the PUC if they wished to compensate the owner of the motor for costs related to repair or replacement of the item. Commissioner Coleman made a motion to pay the depreciated value of the motor. Motion was seconded by Chair Evenson. Depreciation is calculated as $(\$991.26/20\text{yrs} \times 3\text{yrs})$. A check in the amount of \$842.57 will be mailed as soon as possible. Motion carried all in favor.

F. Jerry Flaby Water Leak

Administrator Todd advised the PUC that a letter had been sent to Mr. Flaby addressing his responsibility to fix the leak in his water line. Since the notice was sent, Mr. Flaby has contracted with a construction company to have his water line fixed.

G. Water Use by Sand and Gravel

Since the initial invoice was sent to Sand and Gravel regarding the water usage amount they owe the City, there has been no response. Administrator Todd asked the PUC what direction they wanted him to go regarding recouping the funds. To date, the delinquent funds total \$5920.00. Commissioner Evenson stated that perhaps the City should contact the MNDOT since they are the contract agency with Sand and Gravel. Perhaps they can put some pressure on S&G to repay the amount of usage of water to the City of Lanesboro.

H. CIP Program-Furnace Rebate (City to offer what amount?)

Administrator Todd indicated that there was an individual interested in the CIP rebate program regarding rebates for furnaces. Todd asked the PUC if there was an amount dedicated to rebate for furnaces. Commissioner Evenson stated that there is currently no rebate available for gas furnaces. He indicated that for non-electric furnaces the individuals need to check with Minnesota Energy Resources regarding those types of rebates.

I. Lanesboro Photovoltaic Plan

Administrator Todd updated the Commission regarding the PV plan that Jared Wagner and Jim Walters had proposed in order to get this project moving forward. Mr. Walters envisioned attaining public buy-in for the project and for the City and Jared Wagner to start with the School District and move on toward other civic clubs to provide an overview of the project. Mr. Walters stated that the timeline for this project should be attainable by mid-year 2014.

J. Line Loss-Alley Behind Potiche Pottery, Pedal Pushers, The Pub, and Gil Bs

Administrator Todd advised the PUC that the owner of Potiche Pottery, Barb Johnson, stated that there are security lights located in the alley behind her building that have always been on during the evening hours. She stated that there has been one that is non-functioning and she was wondering who pays for the light and what she needs to do to insure it stays on and is functioning. Mr. Jared Wagner stated that the City has not been paying for the light and neither has Mrs. Johnson, so it is essentially a line loss for the PUC. Commissioner Coleman stated that the PUC should build the cost of operation of the lights into the base electric rate or charge the business owners directly for the line. Wagner was going to look into the matter and report back at the next meeting.

K. **Next Meeting-December 16th 2013 at 12:30 p.m.**

L. Miscellaneous

Mr. Jared Wagner stated that the PUC should look into making Administrator Todd the back-up contact person for UUMPA in his absence. Motion was made by Commissioner Evenson to make Administrator Todd the back-up contact person in Jared's absence. Motion was seconded by Commissioner Schuck. Motion carried all in favor.

Adjourn Regular Meeting:

Motion was made by Chair Evenson to adjourn the regular meeting of the PUC. Motion was seconded by Commissioner Schuck. Motion carried all in favor.

Respectfully Submitted:

David Todd
City Administrator